

BOOK REVIEWS

Tax machinery in desperate need of revamping

In addition to entrepreneurial achievements, Yusuf H. Shirazi is a renowned writer on socio-economic issues; he has been writing in several newspapers and magazines. He has authored six books and one of these – *Aid or Trade* – was adjudged the best book of the year by the Writers Guild. The books were published by Ferozsons.

His present book – *Safeguarding Sovereignty* – also published by Ferozsons – has a simple yet profound creed: Self-Reliance. The book deals with various themes ranging from the Pakistan's economy, its economic policymaking and the role of the World Bank and IFIs in Pakistan's economic landscape. According to Shirazi, the country's sovereignty has been compromised due to reliance on foreign aid, loans and credits.

Mishaal H. Shirazi

Book : *"Safeguarding Sovereignty"*

Author : Yusuf H. Shirazi

Publisher : Ferozsons

Parliamentary democracy and reliance on local resources are essential for Pakistan's economic sustainability.

An FBR report that Shirazi cites, confirms that informal economy constitutes 79 percent of the documented economy. Thus just 21 percent of the economy pays taxes – annual revenues of a mere Rs. 2 trillion only. If the remaining 79 percent hidden income is explored and documented, an additional revenue of Rs.8 trillion would be sufficient enough to do away with the begging bowl of foreign aid. He recommends revamping of the customs and sales tax arms of the tax

machinery to ensure strong administration and avoid over- and under-invoicing which deprive the trade and industry of fair competition and the country of valuable revenues.

Shirazi points out that Pakistanis are extremely charitable. They dole out up to 5 percent of GDP in donations. This makes Pakistan one of the most charitable nations in the world. Yet, curiously, we refuse to pay taxes. This is a serious challenge which the government must overcome. The trust deficit between government and the taxpayer has to be eliminated so taxpayers pay what they owe to the state with a feeling

that their tax rupees will be spent towards helping the country achieve economic independence and sustainability.

Shirazi emphasizes that prosperity cannot be ensured without investment, production and export. This and this alone will ensure employment and help earn foreign exchange.

The author is a firm believer in the independence and separation of powers of the three branches of state; Parliament, Executive and Judiciary. Parliamentarians are required to be concerned with legislation making process, the executive is entrusted with policymaking and implementation job while administration of justice is the primary function of judiciary. He has a high view of the bureaucracy. They should be shielded from politicization and recruited on merit, integrity and



a strong value system.

Cumulatively Shirazi recommends that these measures, principally, will contribute towards safeguarding sovereignty of the country and lead to dignity and honour for the nation in an effective and meaningful manner.